

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

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R 261506Z JUL 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 1158

INFO USIA WASHDC

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

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EO 11652 N/A

TAGS: PINT, PGOV, PE

SUBJ:

1. SUMMARY: RUMORS ARE ACTIVELY CIRCULATING IN LIMA ABOUT CONTENT OF PRESIDENT VELASCO'S JULY 28 INDEPENDENCE DAY SPEECH. THIS CABLE REPORTS ON FIVE TOPICS WHICH MAY BE DISCUSSED: THE REVOLUTION'S 1968 "INCA PLAN", REFORM OF THE PRESS, HOUSING REFORM, INDUSTRIAL COMMUNITY LAW REVISIONS, AND TEACHERS' STATUTE.

2. PRESIDENT VELASCO HAS ALREADY ANNOUNCED AND OFFICIAL SPOKESMAN HAVE REITERATED THAT THE GOP WILL RELEASE THE "INCA PLAN" SAID TO CONTAIN THE GOALS WHICH THE PERUVIAN REVOLUTION SET OUT TO ACCOMPLISH IN 1968. PRESIDENT VELASCO HAS CLAIMED THAT HE PERSONALLY TYPED THE PLAN IN 1968. MUCH OF WHAT HAS ALREADY BEEN ACCOMPLISHED WILL BE SEEN IN THE PLAN. IN ADDITION, THE PLAN REPORTEDLY CALLS FOR A NEW CONSTITUTION ENSHRINING THE REVOLUTION'S REFORMS, I.E. AGRARIAN REFORM, THE INDUSTRIAL COMMUNITY, STATE OWNERSHIP OF BASIC INDUSTRIES, SOCIAL PROPERTY, ETC.

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3. GREAT EXPECTATION REVOLVES AROUND THE GOVERNMENT'S PLANS FOR THE PRESS. AS LATE AS JULY 21, PRESIDENT VELASCO WAS REPORTEDLY INSISTING THAT THE PRESS WAS TO BE TAKEN OVER. NOW, IT APPEARS THAT THE GOP MAY HAVE DISCARDED ITS PLANS TO TURN THE PRESS OVER TO WORKERS. INSTEAD, LOCAL JOURNALISTS BELIEVE THAT MILGOV WILL FURTHER TIGHTEN ITS CONTROL OF NEWS-PAPERS BY TAKING OVER PARTIAL OWNERSHIP OF NEWSPAPER COMPANIES' STOCKS AND APPOINTING SUPERVISORS TO OVERSEE WHAT APPEARS IN PRINT. WHATEVER MILGOV ANNOUNCES, END RESULT WILL BE TO RESTRICT DRASTICALLY OR POSSIBLY ELIMINATE REMAINING FREEDOM OF PRESS.

4. LONG OVERDUE HOUSING REFORM MAY BE ANNOUNCED. NEW LAW REPORTEDLY WOULD RADICALLY REVISE TAX RATES AND REQUIRE CONSTRUCTION OF HOUSING ON VACANT LOTS.

5. POSSIBILITY ALSO EXISTS THAT VELASCO WILL ANNOUNCE INDUSTRIAL COMMUNITY REFORMS SPEEDING UP PROVISION WHEREBY WORKERS ACHIEVE 50 PERCENT OWNERSHIP OF THEIR COMPANIES. FROM NOW ON, WORKERS WOULD HAVE TO OBTAIN 5 PERCENT OF SHARES EVERY YEAR IN ORDER TO ACHIEVE 50 PERCENT GOAL WITHIN 10 YEARS.

6. NEW TEACHERS' STATUTE IS ALSO EXPECTED PROVIDING MORE ATTRACTIVE, BETTER COMPENSATED CAREER FOR PERU'S POORLY-PAID POLITICALLY-VOLATILE TEACHERS. MAIN STUMBLING BLOCK APPEARS TO BE MONEY WITH WHICH TO PROVIDE AT LEAST TOKEN RAISES FOR TEACHERS.

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